

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 59 – SB 897

March 18, 2009

SUMMARY OF BILL: Requires students in grades K-12 to possess health insurance prior to the 2010-11 academic year. Proof of insurance shall be submitted to the local education agency (LEA).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$31,145,526

Increase Local Expenditures - \$6,895,200*

Increase Federal Expenditures - \$91,208,170

Other Fiscal Impact – Approximately 13,746 families will be required to buy into the CoverKids program at a total annual cost of approximately \$41,981,784.

Assumptions:

- All children obtaining health insurance will attend a public school.
- Approximately 76,364 children will be enrolled in state healthcare programs. Approximately 30 percent (22,909) will be enrolled in the CoverKids program, approximately 43 percent (32,837) will be enrolled in the TennCare program, and approximately 27 percent (20,618) will be eligible to buy into the CoverKids program.
- The average per member per month payment for CoverKids is \$210 for non-buy in members. The federal government pays 75 percent of total cost and the state pays 25 percent. The total increase in expenditures for non-buy in children is approximately \$57,730,680 ($\$210 \times 22,909 \times 12$) with approximately \$43,298,010 in federal expenditures and approximately \$14,432,670 in state expenditures.
- The average per member per month payment for TennCare is \$164. The federal government pays a match of 74.138 percent and the state pays approximately 25.862 percent. The total increase in expenditures will be approximately \$64,623,216 ($\$164 \times 32,837 \times 12$) with \$47,910,360

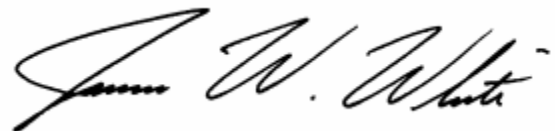
in federal expenditures and approximately \$16,712,856 in state expenditures.

- The average CoverKids per member per month premium to buy into the program is \$239. Approximately 20,618 children will be required to buy into the CoverKids program at a total annual cost of approximately \$59,132,424 ($\$239 \times 20,618 \times 12$). This cost will be borne entirely by families.
- The total annual increase in state expenditures for both programs will be approximately \$31,145,526 ($\$14,432,670 + \$16,712,856$).
- The total annual increase in federal expenditures for both programs will be approximately \$91,208,170 ($\$43,298,010 + \$47,910,160$).
- Any cost to the Department of Health or the Department of Education (DOE) to establish guidelines for the management of the provisions of this bill are estimated to be not significant.
- According to the DOE each LEA will need to hire one additional staff person to verify that each student has insurance. Cost per person including salary and benefits is approximately \$50,700. The total increase in local expenditures will be approximately \$6,895,200 ($\$50,700 \times 136$ LEAs).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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